General Assembly

Substitute Bill No. 5040

February Session, 2004

____HB05040HS_APP031604___

AN ACT CONCERNING REVISIONS TO HUMAN SERVICES STATUTES AND PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (3) of subsection (a) of section 10-76d of the general statutes, as amended by section 54 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(3) Beginning with the fiscal year ending June 30, 2004, the Commissioner of Social Services shall make grant payments to local or regional boards of education in amounts representing fifty per cent of the federal portion of Medicaid claims processed for Medicaid eligible special education and related services provided to Medicaid eligible students in the school district <u>based on the rate of federal financial participation in effect on January 1, 2003</u>. Such grant payments shall be made on at least a quarterly basis and may represent estimates of amounts due to local or regional boards of education. Any grant payments made on an estimated basis, including payments made by the Department of Education for the fiscal years prior to the fiscal year ending June 30, 2000, shall be subsequently reconciled to grant amounts due based upon filed and accepted Medicaid claims and Medicaid rates. If, upon review, it is determined that a grant payment

or portion of a grant payment was made for ineligible or disallowed Medicaid claims, the local or regional board of education shall reimburse the Department of Social Services for any grant payment amount received based upon ineligible or disallowed Medicaid claims.

Sec. 2. Subsection (a) of section 17b-112 of the general statutes, as amended by section 1 of public act 03-28, section 5 of public act 03-268 and section 80 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Department of Social Services shall administer a temporary family assistance program under which cash assistance shall be provided to eligible families in accordance with the temporary assistance for needy families program, established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Under the temporary family assistance program, benefits shall be provided to a family for not longer than twenty-one months, except as provided in subsections (b) and (c) of this section. For the purpose of calculating said twenty-one-month time limit, months of assistance received on and after January 1, 1996, pursuant to time limits under the aid to families with dependent children program, shall be included. For purposes of this section, "family" means one or more individuals who apply for or receive assistance together under the temporary family assistance program. If the commissioner determines that federal law allows individuals not otherwise in an eligible covered group for the temporary family assistance program to become covered, such family may also, at the discretion of the commissioner, be composed of (1) a pregnant woman, or (2) a parent, both parents or other caretaker relative and at least one child who is under the age of eighteen, or who is under the age of nineteen and a full-time student in a secondary school or its equivalent. A caretaker relative shall be related to the child or children by blood, marriage or adoption or shall be the legal guardian of such a child or pursuing legal proceedings necessary to achieve guardianship. If the commissioner elects to allow state eligibility consistent with any change in federal law, the

commissioner may administratively transfer any qualifying family cases under the cash assistance portion of the state-administered general assistance program to the temporary family assistance program without regard to usual eligibility and enrollment procedures. If such families become an ineligible coverage group under the federal law, the commissioner shall administratively transfer such families back to the cash assistance portion of the state-administered general assistance program without regard to usual eligibility and enrollment procedures to the degree that such families are eligible for the state program.

Sec. 3. Section 17b-340 of the general statutes, as amended by section 17 of public act 03-2, section 45 of public act 03-19 and section 50 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The rates to be paid by or for persons aided or cared for by the state or any town in this state to licensed chronic and convalescent nursing homes, chronic disease hospitals associated with chronic and convalescent nursing homes, rest homes with nursing supervision and to licensed residential care homes, as defined by section 19a-490, as amended, and to residential facilities for the mentally retarded which are licensed pursuant to section 17a-227, as amended, and certified to participate in the Title XIX Medicaid program as intermediate care facilities for the mentally retarded, for room, board and services specified in licensing regulations issued by the licensing agency shall be determined annually, except as otherwise provided in this subsection, after a public hearing, by the Commissioner of Social Services, to be effective July first of each year except as otherwise provided in this subsection. Such rates shall be determined on a basis of a reasonable payment for such necessary services, which basis shall take into account as a factor the costs of such services. Cost of such services shall include (1) reasonable costs mandated by collective bargaining agreements with certified collective bargaining agents or other agreements between the employer and employees, provided "employees" shall not include persons employed as managers or chief

administrators or required to be licensed as nursing home administrators, and (2) compensation for services rendered by proprietors at prevailing wage rates, as determined by application of principles of accounting as prescribed by said commissioner. Cost of such services shall not include amounts paid by the facilities to employees as salary, or to attorneys or consultants as fees, where the responsibility of the employees, attorneys, or consultants is to persuade or seek to persuade the other employees of the facility to support or oppose unionization. Nothing in this subsection shall prohibit inclusion of amounts paid for legal counsel related to the negotiation of collective bargaining agreements, the settlement of grievances or normal administration of labor relations. The commissioner may, in his discretion, allow the inclusion of extraordinary and unanticipated costs of providing services which were incurred to avoid an immediate negative impact on the health and safety of patients. The commissioner may, in his discretion, based upon review of a facility's costs, direct care staff to patient ratio and any other related information, revise a facility's rate for any increases or decreases to total licensed capacity of more than ten beds or changes to its number of licensed rest home with nursing supervision beds and chronic and convalescent nursing home beds. The commissioner may so revise a facility's rate established for the fiscal year ending June 30, 1993, and thereafter for any bed increases, decreases or changes in licensure effective after October 1, 1989. Effective July 1, 1991, in facilities which have both a chronic and convalescent nursing home and a rest home with nursing supervision, the rate for the rest home with nursing supervision shall not exceed such facility's rate for its chronic and convalescent nursing home. All such facilities for which rates are determined under this subsection shall report on a fiscal year basis ending on the thirtieth day of September. Such report shall be submitted to the commissioner by the thirty-first day of December. The commissioner may reduce the rate in effect for a facility which fails to report on or before such date by an amount not to exceed ten per cent of such rate. The commissioner shall annually, on or before the fifteenth day of February, report the data contained in the reports of

such facilities to the joint standing committee of the General Assembly having cognizance of matters relating to appropriations. For the cost reporting year commencing October 1, 1985, and for subsequent cost reporting years, facilities shall report the cost of using the services of any nursing pool employee by separating said cost into two categories, the portion of the cost equal to the salary of the employee for whom the nursing pool employee is substituting shall be considered a nursing cost and any cost in excess of such salary shall be further divided so that seventy-five per cent of the excess cost shall be considered an administrative or general cost and twenty-five per cent of the excess cost shall be considered a nursing cost, provided if the total nursing pool costs of a facility for any cost year are equal to or exceed fifteen per cent of the total nursing expenditures of the facility for such cost year, no portion of nursing pool costs in excess of fifteen per cent shall be classified as administrative or general costs. The commissioner, in determining such rates, shall also take into account the classification of patients or boarders according to special care requirements or classification of the facility according to such factors as facilities and services and such other factors as he deems reasonable, including anticipated fluctuations in the cost of providing such services. The commissioner may establish a separate rate for a facility or a portion of a facility for traumatic brain injury patients who require extensive care but not acute general hospital care. Such separate rate shall reflect the special care requirements of such patients. If changes in federal or state laws, regulations or standards adopted subsequent to June 30, 1985, result in increased costs or expenditures in an amount exceeding one-half of one per cent of allowable costs for the most recent cost reporting year, the commissioner shall adjust rates and provide payment for any such increased reasonable costs or expenditures within a reasonable period of time retroactive to the date of enforcement. Nothing in this section shall be construed to require the Department of Social Services to adjust rates and provide payment for any increases in costs resulting from an inspection of a facility by the Department of Public Health. Such assistance as the commissioner requires from other state agencies or departments in determining rates

shall be made available to him at his request. Payment of the rates established hereunder shall be conditioned on the establishment by such facilities of admissions procedures which conform with this section, section 19a-533, as amended, and all other applicable provisions of the law and the provision of equality of treatment to all persons in such facilities. The established rates shall be the maximum amount chargeable by such facilities for care of such beneficiaries, and the acceptance by or on behalf of any such facility of any additional compensation for care of any such beneficiary from any other person or source shall constitute the offense of aiding a beneficiary to obtain aid to which he is not entitled and shall be punishable in the same manner as is provided in subsection (b) of section 17b-97. For the fiscal year ending June 30, 1992, rates for licensed residential care homes and intermediate care facilities for the mentally retarded may receive an increase not to exceed the most recent annual increase in the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items. Rates for newly certified intermediate care facilities for the mentally retarded shall not exceed one hundred fifty per cent of the median rate of rates in effect on January 31, 1991, for intermediate care facilities for the mentally retarded certified prior to February 1, 1991. Notwithstanding any provision of this section, the Commissioner of Social Services [shall not adjust an annual] may increase a rate for a licensed chronic and convalescent nursing home or a rest home with nursing supervision [set for the fiscal years ending June 30, 2004, and June 30, 2005, for any reason other than to: (1) Reflect a percentage increase in subsection (f) of this section; (2) lower a rate; or (3) allow the inclusion of extraordinary and unanticipated costs in accordance with this subsection] if the department determines that the increase is necessary to avoid a filing for bankruptcy protection, imposition of receivership pursuant to sections 19a-541 to 19a-549, inclusive, as amended, provided no rate shall be increased above one hundred and fifteen per cent of the median rate for the facility's peer grouping, established pursuant to subdivision (2) of subsection (f) of this section, unless authorized by the Secretary of the Office of Policy and Management.

Such median rates shall be published annually not later than April first of each year.

(b) The Commissioner of Social Services shall adopt regulations in accordance with the provisions of chapter 54 to specify other allowable services. For purposes of this section, other allowable services means those services required by any medical assistance beneficiary residing in such home or hospital which are not already covered in the rate set by the commissioner in accordance with the provisions of subsection (a) of this section.

(c) No facility subject to the requirements of this section shall accept payment in excess of the rate set by the commissioner pursuant to subsection (a) of this section for any medical assistance patient from this or any other state. No facility shall accept payment in excess of the reasonable and necessary costs of other allowable services as specified by the commissioner pursuant to the regulations promulgated under subsection (b) of this section for any public assistance patient from this or any other state. Notwithstanding the provisions of this subsection, the commissioner may authorize a facility to accept payment in excess of the rate paid for a medical assistance patient in this state for a patient who receives medical assistance from another state.

(d) In any instance where the Commissioner of Social Services finds that a facility subject to the requirements of this section is accepting payment for a medical assistance beneficiary in violation of subsection (c) of this section, the commissioner shall proceed to recover through the rate set for the facility any sum in excess of the stipulated per diem and other allowable costs, as promulgated in regulations pursuant to subsections (a) and (b) of this section. The commissioner shall make the recovery prospectively at the time of the next annual rate redetermination.

(e) Except as provided in this subsection, the provisions of subsections (c) and (d) of this section shall not apply to any facility subject to the requirements of this section, which on October 1, 1981,

(1) was accepting payments from the commissioner in accordance with the provisions of subsection (a) of this section, (2) was accepting medical assistance payments from another state for at least twenty per cent of its patients, and (3) had not notified the commissioner of any intent to terminate its provider agreement, in accordance with section 17b-271, provided no patient residing in any such facility on May 22, 1984, shall be removed from such facility for purposes of meeting the requirements of this subsection. If the commissioner finds that the number of beds available to medical assistance patients from this state in any such facility is less than fifteen per cent the provisions of subsections (c) and (d) of this section shall apply to that number of beds which is less than said percentage.

(f) For the fiscal year ending June 30, 1992, the rates paid by or for persons aided or cared for by the state or any town in this state to facilities for room, board and services specified in licensing regulations issued by the licensing agency, except intermediate care facilities for the mentally retarded and residential care homes, shall be based on the cost year ending September 30, 1989. For the fiscal years ending June 30, 1993, and June 30, 1994, such rates shall be based on the cost year ending September 30, 1990. Such rates shall be determined by the Commissioner of Social Services in accordance with this section and the regulations of Connecticut state agencies promulgated by the commissioner and in effect on April 1, 1991, except that:

(1) Allowable costs shall be divided into the following five cost components: Direct costs, which shall include salaries for nursing personnel, related fringe benefits and nursing pool costs; indirect costs, which shall include professional fees, dietary expenses, housekeeping expenses, laundry expenses, supplies related to patient care, salaries for indirect care personnel and related fringe benefits; fair rent, which shall be defined in accordance with subsection (f) of section 17-311-52 of the regulations of Connecticut state agencies; capital-related costs, which shall include property taxes, insurance expenses, equipment leases and equipment depreciation; and administrative and general costs, which shall include maintenance and operation of plant

expenses, salaries for administrative and maintenance personnel and related fringe benefits. The commissioner may provide a rate adjustment for nonemergency transportation services required by nursing facility residents. Such adjustment shall be a fixed amount determined annually by the commissioner based upon a review of costs and other associated information. Allowable costs shall not include costs for ancillary services payable under Part B of the Medicare program.

(2) Two geographic peer groupings of facilities shall be established for each level of care, as defined by the Department of Social Services for the determination of rates, for the purpose of determining allowable direct costs. One peer grouping shall be comprised of those facilities located in Fairfield County. The other peer grouping shall be comprised of facilities located in all other counties.

(3) For the fiscal year ending June 30, 1992, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred forty per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred thirty per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved by the Office of Health Care Access pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs, the maximum shall be equal to one hundred twenty-five per cent of the state-wide median allowable cost. For the fiscal year ending June 30, 1993, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred forty per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred twenty-five per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved by the Office of Health Care Access pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs the maximum shall be equal

to one hundred fifteen per cent of the state-wide median allowable cost. For the fiscal year ending June 30, 1994, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred thirty-five per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred twenty per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved by the Office of Health Care Access pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs the maximum shall be equal to one hundred ten per cent of the state-wide median allowable cost. For the fiscal year ending June 30, 1995, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred thirty-five per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred twenty per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved by the Office of Health Care Access pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs the maximum shall be equal to one hundred five per cent of the state-wide median allowable cost. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, except for the fiscal years ending June 30, 2000, and June 30, 2001, for facilities with an interim rate in one or both periods, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred thirty-five per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred fifteen per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs the maximum shall be equal to the state-wide median allowable cost. For the fiscal years ending June 30, 2000, and June 30, 2001, for facilities with an interim rate in one or both

periods, per diem maximum allowable costs for each cost component shall be as follows: For direct costs, the maximum shall be equal to one hundred forty-five per cent of the median allowable cost of that peer grouping; for indirect costs, the maximum shall be equal to one hundred twenty-five per cent of the state-wide median allowable cost; for fair rent, the amount shall be calculated utilizing the amount approved pursuant to section 19a-638, as amended; for capital-related costs, there shall be no maximum; and for administrative and general costs, the maximum shall be equal to the state-wide median allowable cost and such medians shall be based upon the same cost year used to set rates for facilities with prospective rates. Costs in excess of the maximum amounts established under this subsection shall not be recognized as allowable costs, except that the Commissioner of Social Services (A) may allow costs in excess of maximum amounts for any facility with patient days covered by Medicare, including days requiring coinsurance, in excess of twelve per cent of annual patient days which also has patient days covered by Medicaid in excess of fifty per cent of annual patient days; (B) may establish a pilot program whereby costs in excess of maximum amounts shall be allowed for beds in a nursing home which has a managed care program and is affiliated with a hospital licensed under chapter 368v; and (C) may establish rates whereby allowable costs may exceed such maximum amounts for beds approved on or after July 1, 1991, which are restricted to use by patients with acquired immune deficiency syndrome or traumatic brain injury.

(4) For the fiscal year ending June 30, 1992, (A) no facility shall receive a rate that is less than the rate it received for the rate year ending June 30, 1991; (B) no facility whose rate, if determined pursuant to this subsection, would exceed one hundred twenty per cent of the state-wide median rate, as determined pursuant to this subsection, shall receive a rate which is five and one-half per cent more than the rate it received for the rate year ending June 30, 1991; and (C) no facility whose rate, if determined pursuant to this subsection, would be less than one hundred twenty per cent of the state-wide median rate,

as determined pursuant to this subsection, shall receive a rate which is six and one-half per cent more than the rate it received for the rate year ending June 30, 1991. For the fiscal year ending June 30, 1993, no facility shall receive a rate that is less than the rate it received for the rate year ending June 30, 1992, or six per cent more than the rate it received for the rate year ending June 30, 1992. For the fiscal year ending June 30, 1994, no facility shall receive a rate that is less than the rate it received for the rate year ending June 30, 1993, or six per cent more than the rate it received for the rate year ending June 30, 1993. For the fiscal year ending June 30, 1995, no facility shall receive a rate that is more than five per cent less than the rate it received for the rate year ending June 30, 1994, or six per cent more than the rate it received for the rate year ending June 30, 1994. For the fiscal years ending June 30, 1996, and June 30, 1997, no facility shall receive a rate that is more than three per cent more than the rate it received for the prior rate year. For the fiscal year ending June 30, 1998, a facility shall receive a rate increase that is not more than two per cent more than the rate that the facility received in the prior year. For the fiscal year ending June 30, 1999, a facility shall receive a rate increase that is not more than three per cent more than the rate that the facility received in the prior year and that is not less than one per cent more than the rate that the facility received in the prior year, exclusive of rate increases associated with a wage, benefit and staffing enhancement rate adjustment added for the period from April 1, 1999, to June 30, 1999, inclusive. For the fiscal year ending June 30, 2000, each facility, except a facility with an interim rate or replaced interim rate for the fiscal year ending June 30, 1999, and a facility having a certificate of need or other agreement specifying rate adjustments for the fiscal year ending June 30, 2000, shall receive a rate increase equal to one per cent applied to the rate the facility received for the fiscal year ending June 30, 1999, exclusive of the facility's wage, benefit and staffing enhancement rate adjustment. For the fiscal year ending June 30, 2000, no facility with an interim rate, replaced interim rate or scheduled rate adjustment specified in a certificate of need or other agreement for the fiscal year ending June 30, 2000, shall receive a rate increase that is more than one per cent

more than the rate the facility received in the fiscal year ending June 30, 1999. For the fiscal year ending June 30, 2001, each facility, except a facility with an interim rate or replaced interim rate for the fiscal year ending June 30, 2000, and a facility having a certificate of need or other agreement specifying rate adjustments for the fiscal year ending June 30, 2001, shall receive a rate increase equal to two per cent applied to the rate the facility received for the fiscal year ending June 30, 2000, subject to verification of wage enhancement adjustments pursuant to subdivision (15) of this subsection. For the fiscal year ending June 30, 2001, no facility with an interim rate, replaced interim rate or scheduled rate adjustment specified in a certificate of need or other agreement for the fiscal year ending June 30, 2001, shall receive a rate increase that is more than two per cent more than the rate the facility received for the fiscal year ending June 30, 2000. For the fiscal year ending June 30, 2002, each facility shall receive a rate that is two and one-half per cent more than the rate the facility received in the prior fiscal year. For the fiscal year ending June 30, 2003, each facility shall receive a rate that is two per cent more than the rate the facility received in the prior fiscal year, except that such increase shall be effective January 1, 2003, and such facility rate in effect for the fiscal year ending June 30, 2002, shall be paid for services provided until December 31, 2002, except any facility that would have been issued a lower rate effective July 1, 2002, than for the fiscal year ending June 30, 2002, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2002, and have such rate increased two per cent effective June 1, 2003. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. For the fiscal year ending June 30, 2005, rates in effect for the period ending June 30, 2004, shall remain in effect until December 31, 2004, except any facility that would have been issued a lower rate effective July 1, 2004, than for the fiscal year ending June 30, 2004, due to interim rate status or

agreement with the department shall be issued such lower rate effective July 1, 2004. Effective January 1, 2005, each facility shall receive a rate that is one per cent greater than the rate in effect December 31, 2004. The Commissioner of Social Services shall add fair rent increases to any other rate increases established pursuant to this subdivision for a facility which has undergone a material change in circumstances related to fair rent.

(5) For the purpose of determining allowable fair rent, a facility with allowable fair rent less than the twenty-fifth percentile of the state-wide allowable fair rent shall be reimbursed as having allowable fair rent equal to the twenty-fifth percentile of the state-wide allowable fair rent, provided for the fiscal years ending June 30, 1996, and June 30, 1997, the reimbursement may not exceed the twenty-fifth percentile of the state-wide allowable fair rent for the fiscal year ending June 30, 1995. On and after July 1, 1998, the Commissioner of Social Services may allow minimum fair rent as the basis upon which reimbursement associated with improvements to real property is added. Beginning with the fiscal year ending June 30, 1996, any facility with a rate of return on real property other than land in excess of eleven per cent shall have such allowance revised to eleven per cent. Any facility or its related realty affiliate which finances or refinances debt through bonds issued by the State of Connecticut Health and Education Facilities Authority shall report the terms and conditions of such financing or refinancing to the Commissioner of Social Services within thirty days of completing such financing or refinancing. The Commissioner of Social Services may revise the facility's fair rent component of its rate to reflect any financial benefit the facility or its related realty affiliate received as a result of such financing or refinancing, including, but not limited to, reductions in the amount of debt service payments or period of debt repayment. The commissioner shall allow actual debt service costs for bonds issued by the State of Connecticut Health and Educational Facilities Authority if such costs do not exceed property costs allowed pursuant to subsection (f) of section 17-311-52 of the regulations of Connecticut state agencies, provided the commissioner

may allow higher debt service costs for such bonds for good cause. For facilities which first open on or after October 1, 1992, the commissioner shall determine allowable fair rent for real property other than land based on the rate of return for the cost year in which such bonds were issued. The financial benefit resulting from a facility financing or refinancing debt through such bonds shall be shared between the state and the facility to an extent determined by the commissioner on a case-by-case basis and shall be reflected in an adjustment to the facility's allowable fair rent.

(6) A facility shall receive cost efficiency adjustments for indirect costs and for administrative and general costs if such costs are below the state-wide median costs. The cost efficiency adjustments shall equal twenty-five per cent of the difference between allowable reported costs and the applicable median allowable cost established pursuant to this subdivision.

(7) For the fiscal year ending June 30, 1992, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items minus one and one-half per cent. For the fiscal year ending June 30, 1993, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items minus one and three-quarters per cent. For the fiscal years ending June 30, 1994, and June 30, 1995, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items minus two per cent. For the fiscal year ending June 30, 1996, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All Items minus two and one-half per cent. For the fiscal year ending June 30, 1997, allowable operating costs, excluding fair rent, shall be inflated using the Regional Data Resources Incorporated McGraw-Hill Health Care Costs: Consumer Price Index (all urban)-All

Items minus three and one-half per cent. For the fiscal year ending June 30, 1992, and any succeeding fiscal year, allowable fair rent shall be those reported in the annual report of long-term care facilities for the cost year ending the immediately preceding September thirtieth. The inflation index to be used pursuant to this subsection shall be computed to reflect inflation between the midpoint of the cost year through the midpoint of the rate year. The Department of Social Services shall study methods of reimbursement for fair rent and shall report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to human services on or before January 15, 1993.

(8) On and after July 1, 1994, costs shall be rebased no more frequently than every two years and no less frequently than every four years, as determined by the commissioner. The commissioner shall determine whether and to what extent a change in ownership of a facility shall occasion the rebasing of the facility's costs.

(9) The method of establishing rates for new facilities shall be determined by the commissioner in accordance with the provisions of this subsection.

(10) Rates determined under this section shall comply with federal laws and regulations.

(11) For the fiscal year ending June 30, 1992, and any succeeding fiscal year, one-half of the initial amount payable in June by the state to a facility pursuant to this subsection shall be paid to the facility in June and the balance of such amount shall be paid in July.

(12) Notwithstanding the provisions of this subsection, interim rates issued for facilities on and after July 1, 1991, shall be subject to applicable fiscal year cost component limitations established pursuant to subdivision (3) of this subsection.

(13) A chronic and convalescent nursing home having an ownership affiliation with and operated at the same location as a chronic disease

hospital may request that the commissioner approve an exception to applicable rate-setting provisions for chronic and convalescent nursing homes and establish a rate for the fiscal years ending June 30, 1992, and June 30, 1993, in accordance with regulations in effect June 30, 1991. Any such rate shall not exceed one hundred sixty-five per cent of the median rate established for chronic and convalescent nursing homes established under this section for the applicable fiscal year.

(14) For the fiscal year ending June 30, 1994, and any succeeding fiscal year, for purposes of computing minimum allowable patient days, utilization of a facility's certified beds shall be determined at a minimum of ninety-five per cent of capacity, except for new facilities and facilities which are certified for additional beds which may be permitted a lower occupancy rate for the first three months of operation after the effective date of licensure.

(15) The Commissioner of Social Services shall adjust facility rates from April 1, 1999, to June 30, 1999, inclusive, by a per diem amount representing each facility's allocation of funds appropriated for the purpose of wage, benefit and staffing enhancement. A facility's per diem allocation of such funding shall be computed as follows: (A) The facility's direct and indirect component salary, wage, nursing pool and allocated fringe benefit costs as filed for the 1998 cost report period deemed allowable in accordance with this section and applicable regulations without application of cost component maximums specified in subdivision (3) of this subsection shall be totalled; (B) such total shall be multiplied by the facility's Medicaid utilization based on the 1998 cost report; (C) the resulting amount for the facility shall be divided by the sum of the calculations specified in subparagraphs (A) and (B) of this subdivision for all facilities to determine the facility's percentage share of appropriated wage, benefit and staffing enhancement funding; (D) the facility's percentage share shall be multiplied by the amount of appropriated wage, benefit and staffing enhancement funding to determine the facility's allocated amount; and (E) such allocated amount shall be divided by the number of days of care paid for by Medicaid on an annual basis including days for

reserved beds specified in the 1998 cost report to determine the per diem wage and benefit rate adjustment amount. The commissioner may adjust a facility's reported 1998 cost and utilization data for the purposes of determining a facility's share of wage, benefit and staffing enhancement funding when reported 1998 information is not substantially representative of estimated cost and utilization data for the fiscal year ending June 30, 2000, due to special circumstances during the 1998 cost report period including change of ownership with a part year cost filing or reductions in facility capacity due to facility renovation projects. Upon completion of the calculation of the allocation of wage, benefit and staffing enhancement funding, the commissioner shall not adjust the allocations due to revisions submitted to previously filed 1998 annual cost reports. In the event that a facility's rate for the fiscal year ending June 30, 1999, is an interim rate or the rate includes an increase adjustment due to a rate request to the commissioner or other reasons, the commissioner may reduce or withhold the per diem wage, benefit and staffing enhancement allocation computed for the facility. Any enhancement allocations not applied to facility rates shall not be reallocated to other facilities and such unallocated amounts shall be available for the costs associated with interim rates and other Medicaid expenditures. The wage, benefit and staffing enhancement per diem adjustment for the period from April 1, 1999, to June 30, 1999, inclusive, shall also be applied to rates for the fiscal years ending June 30, 2000, and June 30, 2001, except that the commissioner may increase or decrease the adjustment to account for changes in facility capacity or operations. Any facility accepting a rate adjustment for wage, benefit and staffing enhancements shall apply payments made as a result of such rate adjustment for increased allowable employee wage rates and benefits and additional direct and indirect component staffing. Adjustment funding shall not be applied to wage and salary increases provided to the administrator, assistant administrator, owners or related party employees. Enhancement payments may be applied to increases in costs associated with staffing purchased from staffing agencies provided such costs are deemed necessary and reasonable by the

commissioner. The commissioner shall compare expenditures for wages, benefits and staffing for the 1998 cost report period to such expenditures in the 1999, 2000 and 2001 cost report periods to verify whether a facility has applied additional payments to specified enhancements. In the event that the commissioner determines that a facility did not apply additional payments to specified enhancements, the commissioner shall recover such amounts from the facility through rate adjustments or other means. The commissioner may require facilities to file cost reporting forms, in addition to the annual cost report, as may be necessary, to verify the appropriate application of wage, benefit and staffing enhancement rate adjustment payments. For the purposes of this subdivision, "Medicaid utilization" means the number of days of care paid for by Medicaid on an annual basis including days for reserved beds as a percentage of total resident days.

(16) The interim rate established to become effective upon sale of any licensed chronic and convalescent home or rest home with nursing supervision for which a receivership has been imposed pursuant to sections 19a-541 to 19a-549, inclusive, as amended, or which is being operated under federal bankruptcy protection shall not exceed the rate in effect for the facility at the time of the imposition of the receivership or commencement of the federal bankruptcy proceeding, subject to any annual increases permitted by this section; provided if such rate is less than the median rate for the facility's peer grouping, as defined in subdivision (2) of this subsection, the Commissioner of Social Services may, in the commissioner's discretion, establish an increased rate for the facility not to exceed such median rate unless the Secretary of the Office of Policy and Management, after review of area nursing facility bed availability and other pertinent factors, authorizes the Commissioner of Social Services to establish a rate higher than the median rate.

(g) For the fiscal year ending June 30, 1993, any intermediate care facility for the mentally retarded with an operating cost component of its rate in excess of one hundred forty per cent of the median of operating cost components of rates in effect January 1, 1992, shall not

receive an operating cost component increase. For the fiscal year ending June 30, 1993, any intermediate care facility for the mentally retarded with an operating cost component of its rate that is less than one hundred forty per cent of the median of operating cost components of rates in effect January 1, 1992, shall have an allowance for real wage growth equal to thirty per cent of the increase determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, provided such operating cost component shall not exceed one hundred forty per cent of the median of operating cost components in effect January 1, 1992. Any facility with real property other than land placed in service prior to October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a rate of return on real property equal to the average of the rates of return applied to real property other than land placed in service for the five years preceding October 1, 1993. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the rate of return on real property for property items shall be revised every five years. The commissioner shall, upon submission of a request, allow actual debt service, comprised of principal and interest, in excess of property costs allowed pursuant to section 17-311-52 of the regulations of Connecticut state agencies, provided such debt service terms and amounts are reasonable in relation to the useful life and the base value of the property. For the fiscal year ending June 30, 1995, and any succeeding fiscal year, the inflation adjustment made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies shall not be applied to real property costs. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the allowance for real wage growth, as determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, shall not be applied. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, no rate shall exceed three hundred seventy-five dollars per day unless the commissioner, in consultation with the Commissioner of Mental Retardation, determines after a review of program and management costs, that a rate in excess of this amount is necessary for care and treatment of

facility residents. For the fiscal year ending June 30, 2002, rate period, the Commissioner of Social Services shall increase the inflation adjustment for rates made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies to update allowable fiscal year 2000 costs to include a three and one-half per cent inflation factor. For the fiscal year ending June 30, 2003, rate period, the commissioner shall increase the inflation adjustment for rates made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies to update allowable fiscal year 2001 costs to include a one and one-half per cent inflation factor, except that such increase shall be effective November 1, 2002, and such facility rate in effect for the fiscal year ending June 30, 2002, shall be paid for services provided until October 31, 2002, except any facility that would have been issued a lower rate effective July 1, 2002, than for the fiscal year ending June 30, 2002, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2002, and have such rate updated effective November 1, 2002, in accordance with applicable statutes and regulations. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. Effective July 1, 2004, each facility shall receive a rate that is three-quarters of one per cent greater than the rate in effect June 30, 2004.

(h) (1) For the fiscal year ending June 30, 1993, any residential care home with an operating cost component of its rate in excess of one hundred thirty per cent of the median of operating cost components of rates in effect January 1, 1992, shall not receive an operating cost component increase. For the fiscal year ending June 30, 1993, any residential care home with an operating cost component of its rate that is less than one hundred thirty per cent of the median of operating cost components of rates in effect January 1, 1992, shall have an allowance for real wage growth equal to sixty-five per cent of the increase

determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, provided such operating cost component shall not exceed one hundred thirty per cent of the median of operating cost components in effect January 1, 1992. Beginning with the fiscal year ending June 30, 1993, for the purpose of determining allowable fair rent, a residential care home with allowable fair rent less than the twenty-fifth percentile of the state-wide allowable fair rent shall be reimbursed as having allowable fair rent equal to the twenty-fifth percentile of the state-wide allowable fair rent. Beginning with the fiscal year ending June 30, 1997, a residential care home with allowable fair rent less than three dollars and ten cents per day shall be reimbursed as having allowable fair rent equal to three dollars and ten cents per day. Property additions placed in service during the cost year ending September 30, 1996, or any succeeding cost year shall receive a fair rent allowance for such additions as an addition to three dollars and ten cents per day if the fair rent for the facility for property placed in service prior to September 30, 1995, is less than or equal to three dollars and ten cents per day. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the allowance for real wage growth, as determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, shall not be applied. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the inflation adjustment made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies shall not be applied to real property costs. Beginning with the fiscal year ending June 30, 1997, minimum allowable patient days for rate computation purposes for a residential care home with twenty-five beds or less shall be eighty-five per cent of licensed capacity. Beginning with the fiscal year ending June 30, 2002, for the purposes of determining the allowable salary of an administrator of a residential care home with sixty beds or less the department shall revise the allowable base salary to thirty-seven thousand dollars to be annually inflated thereafter in accordance with section 17-311-52 of the regulations of Connecticut state agencies. The rates for the fiscal year ending June 30, 2002, shall

be based upon the increased allowable salary of an administrator, regardless of whether such amount was expended in the 2000 cost report period upon which the rates are based. Beginning with the fiscal year ending June 30, 2000, the inflation adjustment for rates made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies shall be increased by two per cent, and beginning with the fiscal year ending June 30, 2002, the inflation adjustment for rates made in accordance with subsection (c) of said section shall be increased by one per cent. Beginning with the fiscal year ending June 30, 1999, for the purpose of determining the allowable salary of a related party, the department shall revise the maximum salary to twenty-seven thousand eight hundred fifty-six dollars to be annually inflated thereafter in accordance with section 17-311-52 of the regulations of Connecticut state agencies and beginning with the fiscal year ending June 30, 2001, such allowable salary shall be computed on an hourly basis and the maximum number of hours allowed for a related party other than the proprietor shall be increased from forty hours to forty-eight hours per work week.

(2) The commissioner shall, upon determining that a loan to be issued to a residential care home by the Connecticut Housing Finance Authority is reasonable in relation to the useful life and property cost allowance pursuant to section 17-311-52 of the regulations of Connecticut state agencies, allow actual debt service, comprised of principal, interest and a repair and replacement reserve on the loan, in lieu of allowed property costs whether actual debt service is higher or lower than such allowed property costs.

(i) Notwithstanding the provisions of this section, the Commissioner of Social Services shall establish a fee schedule for payments to be made to chronic disease hospitals associated with chronic and convalescent nursing homes to be effective on and after July 1, 1995. The fee schedule may be adjusted annually beginning July 1, 1997, to reflect necessary increases in the cost of services.

Sec. 4. Section 4 of public act 01-8 of the June special session, as

amended by section 70 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Department of Mental Health and Addiction Services, in consultation with the Department of Social Services, shall conduct a study concerning the implementation of adult rehabilitation services under Medicaid. Not later than February 1, 2002, the departments shall jointly submit a report of their findings and recommendations to the Governor and to the joint standing committees of the General Assembly having cognizance of matters relating to public health, human services and appropriations and the budgets of state agencies, in accordance with the provisions of section 11-4a. The report shall include, but not be limited to, an implementation plan, a cost benefit analysis and a description of the plan's impact on existing services.

(b) The Department of Mental Health and Addiction Services and the Department of Social Services shall conduct a study concerning the advisability of entering into an interagency agreement pursuant to which the Department of Mental Health and Addiction Services would provide clinical management of mental health services, including, but not limited to, review and authorization of services, implementation of quality assurance and improvement initiatives and provision of case management services, for aged, blind or disabled adults enrolled in the Medicaid program to the extent permitted under federal law. Not later than February 1, 2002, the departments shall jointly submit a report of their findings and recommendations to the Governor and to the joint standing committees of the General Assembly having cognizance of matters relating to public health, human services and appropriations and the budgets of state agencies, in accordance with the provisions of section 11-4a.

(c) The Commissioner of Social Services shall take such action as may be necessary to amend the Medicaid state plan to provide for coverage of optional adult rehabilitation services supplied by **[**various**]** providers of mental health services **[**, pursuant to a contract with**]** or

substance abuse rehabilitation services for adults with serious and persistent mental illness or who have alcoholism or other substance abuse conditions, that are certified by the Department of Mental Health and Addiction Services. **[**, for adults with mental health needs who are clients of said department.**]** For the fiscal years ending June 30, 2004, and June 30, 2005, up to three million dollars in each such fiscal year of any moneys received by the state as federal reimbursement for optional Medicaid adult rehabilitation services shall be credited to the Community Mental Health Restoration subaccount within the account established under section 17a-485 and shall be available for use for the purposes of the subaccount. The Commissioner of Social Services shall adopt regulations, in accordance with the provisions of chapter 54, to implement optional rehabilitation services under the Medicaid program. The commissioner shall implement policies and procedures to administer such services while in the process of adopting such policies or procedures in regulation form, provided notice of intention to adopt the regulations is printed in the Connecticut Law Journal within forty-five days of implementation, and any such policies or procedures shall be valid until the time final regulations are effective.

(d) The Commissioner of Mental Health and Addiction Services shall have the authority to certify providers of mental health or substance abuse rehabilitation services for adults with serious and persistent mental illness or who have alcoholism or other substance abuse conditions for the purpose of coverage of optional rehabilitation services. The Commissioner of Mental Health and Addiction Services shall adopt regulations, in accordance with the provisions of chapter 54, to implement certification of such providers. The commissioner shall implement policies and procedures for purposes of such certification while in the process of adopting such policies or procedures in regulation form, provided notice of intention to adopt the regulations is printed in the Connecticut Law Journal within twenty days of implementation and any such policies and procedures shall be valid until the time the regulations are effective.

Sec. 5. Subsection (d) of section 17b-112 of the general statutes, as amended by section 1 of public act 03-28 and section 5 of public act 03-268, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) Under said program (1) no family shall be eligible that has total gross earnings exceeding the federal poverty level, however, in the calculation of the benefit amount for eligible families and previously eligible families that become ineligible temporarily because of receipt of workers' compensation benefits by a family member who subsequently returns to work immediately after the period of receipt of such benefits, earned income shall be disregarded up to the federal poverty level; (2) the increase in benefits to a family in which an infant is born after the initial ten months of participation in the program shall be limited to an amount equal to fifty per cent of the average incremental difference between the amounts paid per each family size; and (3) a disqualification penalty shall be established for failure to cooperate with the biometric identifier system. Except when determining eligibility for a six-month extension of benefits pursuant to subsection (c) of this section, the commissioner shall disregard the first fifty dollars per month of income attributable to <u>current</u> child support that a family receives in determining eligibility and benefit levels for temporary family assistance. <u>Any current child support in excess of fifty dollars per month collected by the department on behalf of an eligible child shall be considered in determining eligibility but shall not be considered when calculating benefits and shall be taken as reimbursement for assistance paid under this section, except that when the current child support collected exceeds the family's monthly award of Temporary Family Assistance benefits plus fifty dollars, the current child support shall be paid to the family and shall be considered when calculating benefits.</u>

Sec. 6. Subsection (c) of section 17a-126 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage):*

(c) The subsidized guardianship program shall provide the following subsidies for the benefit of any child in the care of a relative caregiver who has been appointed the guardian or coguardian of the child by any court of competent jurisdiction: (1) A special-need subsidy, which shall be a lump sum payment for one-time expenses resulting from the assumption of care of the child when no other resource is available to pay for such expense; and (2) a medical subsidy comparable to the medical subsidy to children in the subsidized adoption program if the child lacks private health insurance or does not qualify for coverage under the HUSKY Plan, Part A or Part B, for a reason other than the failure to comply with a procedural requirement necessary to establish or maintain eligibility for such coverage. The subsidized guardianship program shall also provide a monthly subsidy on behalf of the child payable to the relative caregiver that shall be equal to the prevailing foster care rate. The commissioner may establish an asset test for eligibility under the program.

Sec. 7. Subsection (b) of section 17a-50 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) There shall be established, within existing resources, a Children's Trust Fund Council which shall be within the Department of Children and Families for administrative purposes only. The council shall be composed of sixteen members as follows: (1) The Commissioners of **[**the Departments of**]** Social Services, Education, Children and Families and Public Health, or their designees; (2) a representative of the business community with experience in fund-raising, appointed by the president pro tempore of the Senate; (3) a representative of the business community with experience in fund-raising, appointed by the speaker of the House of Representatives; (4) a representative of the business community with experience in fund-raising, appointed by the minority leader of the House of Representatives; (5) a representative of the business community with experience in fund-raising, appointed by the minority leader of the Senate; (6) a parent, appointed by the majority leader of the House of Representatives; (7) a parent,

appointed by the majority leader of the Senate; (8) a parent, appointed by the president pro tempore of the Senate; (9) a person with expertise in child abuse prevention, appointed by the speaker of the House of Representatives; (10) a person with expertise in child abuse prevention, appointed by the minority leader of the House of Representatives; (11) a staff member of a child abuse prevention program, appointed by the minority leader of the Senate; (12) a staff member of a child abuse prevention program, appointed by the majority leader of the House of Representatives; and (13) a pediatrician, appointed by the majority leader of the Senate. The council shall solicit and accept funds, on behalf of the Children's Trust Fund, to be used for the prevention of child abuse and neglect and family resource programs, or on behalf of the Parent Trust Fund, to be used for parent community involvement to improve the health, safety and education of children, and shall make grants to programs pursuant to subsections (a) and (c) of this section. The council may, subject to provisions of chapter 67, employ an executive director and any necessary staff within available appropriations.

Sec. 8. Subsection (b) of section 44 of public act 03-3 of the June 30 special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) A recipient of state-administered general assistance cash assistance aggrieved by a decision of the Commissioner of Social Services under the program operated pursuant to section 42 of **[**this act**]** public act 03-3 of the June 30 special session may request a hearing pursuant to section 17b-60, **[**but shall not be**]** and shall remain eligible for the continuation of cash assistance pending a hearing decision.

Sec. 9. Section 1 of public act 03-1 of the September 8 special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of funding (1) the deficit in the General Fund arising from the operations of the General Fund for the fiscal year

ending June 30, 2003, as reported by the Comptroller to the Governor in accordance with section 3-115 of the general statutes, and (2) the amount of funding required to pay any remaining retrospective reimbursements billed by hospitals for inpatient and outpatient services or other providers of medical services for services rendered to recipients of medical assistance in the State Administered General Assistance and General Assistance programs prior to the conversion of such program pursuant to section 43 of public act 03-3 of the June 30 special session, the Treasurer is authorized to issue notes of the state in an amount not to exceed the amount of such deficit and retrospective reimbursements, and such additional amounts as may be required in connection with the costs of issuance of such notes, and to deposit the proceeds thereof in the General Fund.

(b) (1) The Comptroller is hereby authorized and directed to certify to the Treasurer the amount of such deficit and the amount so certified shall be conclusive evidence for the purpose of determining at the time of issuance the amount of obligations which the Treasurer shall issue pursuant to this section. (2) The Secretary of the Office of Policy and Management is hereby authorized and directed to certify to the State Treasurer the estimate of the amount of funding required to pay any remaining retrospective reimbursements billed by hospitals for inpatient and outpatient services or other providers of medical services for services rendered to recipients of medical assistance in the State Administered General Assistance and General Assistance programs prior to the conversion of such program pursuant to section 43 of public act 03-3 of the June 30 special session and the amount so certified shall be conclusive evidence for the purpose of determining at the time of issuance the amount of obligations which the Treasurer shall issue pursuant to this section.

(c) The notes shall be designated economic recovery notes and shall be issued on or after the effective date of this section, whenever the Treasurer determines that the cash requirements of the General Fund must be met by such borrowing and shall be scheduled so as to minimize the need for additional temporary borrowing pursuant to

section 3-16 of the general statutes.

(d) All such notes shall be general obligations of the state and the full faith and credit of the state of Connecticut are pledged for the payment of the principal of and interest on said notes as the same shall become due, and accordingly and as part of the contract of the state with the holders of said notes, appropriation of all amounts necessary for punctual payment of such principal and interest is hereby made, and the Treasurer shall pay such principal and interest as the same become due. All such notes shall be sold at not less than par and accrued interest in such manner and on such terms as the Treasurer may determine, in the best interest of the state, and shall be signed in the name of the state and on its behalf by the Treasurer. All such notes shall mature no later than five years after the date of issuance, in such principal amounts and at such times, bear such date or dates, be payable at such place or places, bear interest at such rate or different or varying rates, payable at such time or times, be in such denominations, be in such form with or without interest coupons attached, carry such registration and transfer privileges, be payable in such medium of payment, be subject to such terms of redemption with or without premium and have such additional security, covenant or contract provisions, including credit facilities which may include a letter of credit or insurance policy from a commercial bank or insurance company authorized to do business within or without the state, and the necessary or appropriate provisions to ensure the exclusion of interest on the notes from taxation under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, as appropriate or necessary to improve their marketability, as the Treasurer shall determine prior to their issuance. Such notes shall be issued with only interest payable in the state fiscal year of issuance. In connection with any such credit facility, the Treasurer may enter into any reimbursement agreements, remarketing agreements, standby purchase agreements or any other necessary or appropriate agreements securing or insuring such notes, on such terms and

conditions as the Treasurer determines to be in the best interest of the state. In the event the credit facility is drawn upon to pay the principal of or interest on such notes, the full faith and credit of the state is pledged to the repayment of the amount so drawn and the Treasurer is authorized to include such pledge in any such agreement as part of the contract with the provider of such credit facility. The Treasurer shall apply any appropriation for the payment of such notes to such reimbursement repayment if such credit facility is drawn upon. Any expense incurred in connection with the initial issuance of the economic recovery notes shall be paid from the accrued interest and premiums or otherwise from the General Fund. All such notes, their transfer and the income therefrom, including any profit on the sale or transfer thereof, shall at all times be exempt from all taxation by the state or under its authority except for estate or succession taxes but the interest on such notes shall be included in the computation of any excise or franchise tax and are hereby made and declared to be (1) legal investments for savings banks and trustees unless otherwise provided in the instrument creating the trust, (2) securities in which all public officers and bodies, all insurance companies and associations and persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and persons carrying on a banking or investment business, all administrators, guardians, executors, trustees and other fiduciaries and all persons whatsoever who are or may be authorized to invest in notes of the state, may properly and legally invest funds including capital in their control or belonging to them, and (3) securities which may be deposited with and shall be received by all public officers and bodies for any purpose for which the deposit of notes of the state is or may be authorized.

(e) Notwithstanding any provision of law, for the purpose of determining at any time or times the position of the General Fund as of June 30, 2004, the Comptroller is authorized and directed to give effect to and to show the funding of the General Fund deficit as of June 30,

2003, as certified and provided for in this section in an amount equal to the principal amount of the notes issued and deposited in the General Fund, provided the notes authorized in this section have been so issued prior to such time or times of determination, it being hereby declared to be the intent and purpose of this section to provide for the General Fund deficit as of June 30, 2003, by the funding thereof through the issuance of the notes.

(f) An amount equal to the amount certified by the Secretary of the Office of Policy and Management for retrospective reimbursements shall be credited to the State Administered General Assistance account in the Department of Social Services for the fiscal **[**year**]** years ending June 30, 2004, and June 30, 2005. Such amount shall be available to the department to pay such retrospective reimbursement claims received during the fiscal **[**year**]** years ending June 30, 2004, and June 30, 2005.

Sec. 10. Section 17b-289 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Sections 17b-289 to 17b-303, inclusive, as amended by this act, and section 16 of public act 97-1 of the October 29 special session* shall be known as the "HUSKY and HUSKY Plus Act".

(b) **[**Children**]** Medicaid recipients who are pregnant women or newborns or other children and their eligible parents or caretaker relatives receiving assistance under section 17b-261, as amended by this act, shall be participants in the HUSKY Plan, Part A. **[**and children**]** Children receiving assistance under sections 17b-289 to 17b-303, inclusive, as amended by this act, and section 16 of public act 97-1 of the October 29 special session* shall be participants in the HUSKY Plan, Part B. For purposes of marketing and outreach, both parts shall be known as the HUSKY Plan.

Sec. 11. Section 17b-290 of the general statutes, as amended by section 73 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in sections 17b-289 to 17b-303, inclusive, as amended by this act, section 72 of **[**this act**]** public act 03-3 of the June 30 special session, as amended by this act, and section 16 of public act 97-1 of the October 29 special session*:

(1) "Applicant" means an individual over the age of eighteen years who is a natural or adoptive parent or a legal guardian; a caretaker relative, foster parent or stepparent with whom the child resides; or a noncustodial parent under order of a court or family support magistrate to provide health insurance, who applies for coverage under the HUSKY Plan, Part B on behalf of a child and shall include a child who is eighteen years of age or emancipated in accordance with the provisions of sections 46b-150 to 46b-150e, inclusive, and who is applying on his own behalf or on behalf of a minor dependent for coverage under such plan;

(2) "Child" means an individual under nineteen years of age;

(3) "Coinsurance" means the sharing of health care expenses by the insured and an insurer in a specified ratio;

(4) "Commissioner" means the Commissioner of Social Services;

(5) "Copayment" means a payment made on behalf of an enrollee for a specified service under the HUSKY Plan, Part B;

(6) "Cost sharing" means arrangements made on behalf of an enrollee whereby an applicant pays a portion of the cost of health services, sharing costs with the state and includes copayments, premiums, deductibles and coinsurance;

(7) "Deductible" means the amount of out-of-pocket expenses that would be paid for health services on behalf of an enrollee before becoming payable by the insurer;

(8) "Department" means the Department of Social Services;

(9) "Durable medical equipment" means durable medical

equipment, as defined in Section 1395x(n) of the Social Security Act;

(10) "Eligible beneficiary" means a child who meets the requirements specified in section 17b-292, as amended by this act, except a child excluded under the provisions of Subtitle J of Public Law 105-33 or a child of any municipal employee eligible for employer-sponsored insurance on or after October 30, 1997, provided a child of such a municipal employee may be eligible for coverage under the HUSKY Plan, Part B if dependent coverage was terminated due to an extreme economic hardship on the part of the employee, as determined by the commissioner;

(11) "Enrollee" means an eligible beneficiary who receives services from a managed care plan under the HUSKY Plan, Part B;

(12) "Family" means any combination of the following: (A) An individual; (B) the individual's spouse; (C) any child of the individual or such spouse; or (D) the legal guardian of any such child if the guardian resides with the child;

(13) "HUSKY Plan, Part A" means assistance provided to pregnant women, newborns and other children and their eligible parents and caretaker relatives pursuant to section 17b-261, as amended by this act, who are enrolled in a managed care organization for receipt of Medicaid services;

(14) "HUSKY Plan, Part B" means the health insurance plan for children established pursuant to the provisions of sections 17b-289 to 17b-303, inclusive, as amended by this act, and section 16 of public act 97-1 of the October 29 special session*;

(15) "HUSKY Plus programs" means two supplemental health insurance programs established pursuant to section 17b-294 for medically eligible enrollees of the HUSKY Plan, Part B whose medical needs cannot be accommodated within the basic benefit package offered to enrollees. One program shall supplement coverage for those medically eligible enrollees with intensive physical health needs and

the other program shall supplement coverage for those medically eligible enrollees with intensive behavioral health needs;

(16) "Income" means income as calculated in the same manner as under the Medicaid program pursuant to section 17b-261, as amended by this act;

(17) "Managed care plan" means a plan offered by an entity that contracts with the department to provide benefits to enrollees on a prepaid basis;

(18) "Parent" means a natural parent, stepparent, adoptive parent, guardian or custodian of a child;

(19) "Premium" means any required payment made by an individual to offset or pay in full the capitation rate under the HUSKY Plan, Part B;

(20) "Preventive care and services" means: (A) Child preventive care, including periodic and interperiodic well-child visits, routine immunizations, health screenings and routine laboratory tests; (B) prenatal care, including care of all complications of pregnancy; (C) care of newborn infants, including attendance at high-risk deliveries and normal newborn care; (D) WIC evaluations; (E) child abuse assessment required under sections 17a-106a and 46b-129a; (F) preventive dental care for children; and (G) periodicity schedules and reporting based on the standards specified by the American Academy of Pediatrics;

(21) "Primary and preventive health care services" means the services of licensed physicians, optometrists, nurses, nurse practitioners, midwives and other related health care professionals which are provided on an outpatient basis, including routine well-child visits, diagnosis and treatment of illness and injury, laboratory tests, diagnostic x-rays, prescription drugs, radiation therapy, chemotherapy, hemodialysis, emergency room services, and outpatient alcohol and substance abuse services, as defined by the commissioner;

(22) "Qualified entity" means any entity: (A) Eligible for payments under a state plan approved under Medicaid and which provides medical services under the HUSKY Plan, Part A, or (B) that is a qualified entity, as defined in 42 USC 1396r-1a, as amended by Section 708 of Public Law 106-554 and that is determined by the commissioner to be capable of making the determination of eligibility. The commissioner shall provide qualified entities with such forms as are necessary for an application to be made on behalf of a child under the HUSKY Plan, Part A and information on how to assist parents, guardians and other persons in completing and filing such forms;

(23) "WIC" means the federal Special Supplemental Food Program for Women, Infants and Children administered by the Department of Public Health pursuant to section 19a-59c.

Sec. 12. Subsection (a) of section 17b-239 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2004*):

(a) The rate to be paid by the state to hospitals receiving appropriations granted by the General Assembly and to freestanding chronic disease hospitals, providing services to persons aided or cared for by the state for routine services furnished to state patients, shall be based upon reasonable cost to such hospital, or the charge to the general public for ward services or the lowest charge for semiprivate services if the hospital has no ward facilities, imposed by such hospital, whichever is lowest, except to the extent, if any, that the commissioner determines that a greater amount is appropriate in the case of hospitals serving a disproportionate share of indigent patients. Such rate shall be promulgated annually by the Commissioner of Social Services. Nothing contained herein shall authorize a payment by the state for such services to any such hospital in excess of the charges made by such hospital for comparable services to the general public. Notwithstanding the provisions of this section, for the rate period beginning July 1, 2000, rates paid to freestanding chronic disease hospitals and freestanding psychiatric hospitals shall be increased by

three per cent. For the rate period beginning July 1, 2001, a freestanding chronic disease hospital or freestanding psychiatric hospital shall receive a rate that is two and one-half per cent more than the rate it received in the prior fiscal year and such rate shall remain effective until December 31, 2002. Effective January 1, 2003, a freestanding chronic disease hospital or freestanding psychiatric hospital shall receive a rate that is two per cent more than the rate it received in the prior fiscal year. Notwithstanding the provisions of this subsection, for the period commencing July 1, 2001, and ending June 30, 2003, the commissioner may pay an additional total of no more than three hundred thousand dollars annually for services provided to long-term ventilator patients. For purposes of this subsection, "long-term ventilator patient" means any patient at a freestanding chronic disease hospital on a ventilator for a total of sixty days or more in any consecutive twelve-month period. Effective July 1, 2004, each freestanding chronic disease hospital shall receive a rate that is two per cent more than the rate it received in the prior fiscal year.

Sec. 13. Subsection (g) of section 17b-239 of the general statutes, as amended by section 68 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2004*):

(g) Effective June 1, 2001, the commissioner shall establish inpatient hospital rates in accordance with the method specified in regulations adopted pursuant to this section and applied for the rate period beginning October 1, 2000, except that the commissioner shall update each hospital's target amount per discharge to the actual allowable cost per discharge based upon the 1999 cost report filing multiplied by sixty-two and one-half per cent if such amount is higher than the target amount per discharge for the rate period beginning October 1, 2000, as adjusted for the ten per cent incentive identified in Section 4005 of Public Law 101-508. If a hospital's rate is increased pursuant to this subsection, the hospital shall not receive the ten per cent incentive identified in Section 4005 of Public Law 101-508. For rate periods beginning October 1, 2001, through September 30, **[**2005**]** 2004, the

commissioner shall not apply an annual adjustment factor to the target amount per discharge. Effective October 1, 2004, the revised target amount per discharge for each hospital with a target amount per discharge less than three thousand seven hundred fifty dollars shall be three thousand seven hundred fifty dollars. Effective October 1, 2005, the revised target amount per discharge for each hospital with a target amount per discharge less than four thousand dollars shall be four thousand dollars. Effective October 1, 2006, the revised target amount per discharge for each hospital with a target amount per discharge less than four thousand two hundred fifty dollars shall be four thousand two hundred fifty dollars.

Sec. 14. Subsection (g) of section 17b-340 of the general statutes, as amended by section 45 of public act 03-19 and section 50 of public act 03-3 of the June 30 special session, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2004*):

(g) For the fiscal year ending June 30, 1993, any intermediate care facility for the mentally retarded with an operating cost component of its rate in excess of one hundred forty per cent of the median of operating cost components of rates in effect January 1, 1992, shall not receive an operating cost component increase. For the fiscal year ending June 30, 1993, any intermediate care facility for the mentally retarded with an operating cost component of its rate that is less than one hundred forty per cent of the median of operating cost components of rates in effect January 1, 1992, shall have an allowance for real wage growth equal to thirty per cent of the increase determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, provided such operating cost component shall not exceed one hundred forty per cent of the median of operating cost components in effect January 1, 1992. Any facility with real property other than land placed in service prior to October 1, 1991, shall, for the fiscal year ending June 30, 1995, receive a rate of return on real property equal to the average of the rates of return applied to real property other than land placed in service for the five years preceding October 1, 1993. For the fiscal year ending June 30,

1996, and any succeeding fiscal year, the rate of return on real property for property items shall be revised every five years. The commissioner shall, upon submission of a request, allow actual debt service, comprised of principal and interest, in excess of property costs allowed pursuant to section 17-311-52 of the regulations of Connecticut state agencies, provided such debt service terms and amounts are reasonable in relation to the useful life and the base value of the property. For the fiscal year ending June 30, 1995, and any succeeding fiscal year, the inflation adjustment made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies shall not be applied to real property costs. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, the allowance for real wage growth, as determined in accordance with subsection (q) of section 17-311-52 of the regulations of Connecticut state agencies, shall not be applied. For the fiscal year ending June 30, 1996, and any succeeding fiscal year, no rate shall exceed three hundred seventy-five dollars per day unless the commissioner, in consultation with the Commissioner of Mental Retardation, determines after a review of program and management costs, that a rate in excess of this amount is necessary for care and treatment of facility residents. For the fiscal year ending June 30, 2002, rate period, the Commissioner of Social Services shall increase the inflation adjustment for rates made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies to update allowable fiscal year 2000 costs to include a three and one-half per cent inflation factor. For the fiscal year ending June 30, 2003, rate period, the commissioner shall increase the inflation adjustment for rates made in accordance with subsection (p) of section 17-311-52 of the regulations of Connecticut state agencies to update allowable fiscal year 2001 costs to include a one and one-half per cent inflation factor, except that such increase shall be effective November 1, 2002, and such facility rate in effect for the fiscal year ending June 30, 2002, shall be paid for services provided until October 31, 2002, except any facility that would have been issued a lower rate effective July 1, 2002, than for the fiscal year ending June 30, 2002, due to interim rate status or agreement with the

department shall be issued such lower rate effective July 1, 2002, and have such rate updated effective November 1, 2002, in accordance with applicable statutes and regulations. For the fiscal year ending June 30, 2004, rates in effect for the period ending June 30, 2003, shall remain in effect, except any facility that would have been issued a lower rate effective July 1, 2003, than for the fiscal year ending June 30, 2003, due to interim rate status or agreement with the department shall be issued such lower rate effective July 1, 2003. **[**Effective July 1, 2004, each facility shall receive a rate that is three-quarters of one per cent greater than the rate in effect June 30, 2004.**]** For the fiscal year ending June 30, 2005, rates in effect for the period ending June 30, 2004, shall remain in effect until September 30, 2004. Effective October 1, 2004, each facility shall receive a rate that is five per cent greater than the rate in effect September 30, 2004.

Sec. 15. Subsection (a) of section 17b-365 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Social Services may, within available appropriations, establish and operate a pilot program to allow **[**not more than fifty persons**]** individuals to receive assisted living services, provided by an assisted living services agency licensed by the Department of Public Health in accordance with chapter 368v. In order to be eligible for the program, a person shall: (1) Reside in a managed residential community, as defined by the regulations of the Department of Public Health; (2) be ineligible to receive assisted living services under any other assisted living pilot program established by the General Assembly; and (3) be eligible for services under the Medicaid waiver portion of the Connecticut home-care program for the elderly established under section 17b-342. The total number of individuals enrolled in said pilot program, when combined with the total number of individuals enrolled in the pilot program established pursuant to section 17b-366, as amended by this act, shall not exceed seventy-five individuals. The Commissioner of Social Services shall use the current Medicaid rules under 42 USC 1396p(c), as from time to

time amended.

Sec. 16. Subsection (a) of section 17b-366 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Commissioner of Social Services may, within available appropriations, establish and operate a pilot program to allow **[**not more than twenty-five persons**]** individuals to receive assisted living services, provided by an assisted living services agency licensed by the Department of Public Health, in accordance with chapter 368v. In order to be eligible for the pilot program, a person shall: (1) Reside in a managed residential community, as defined by the regulations of the Department of Public Health; (2) be ineligible to receive assisted living services under any other assisted living pilot program established by the General Assembly; and (3) be eligible for services under the state-funded portion of the Connecticut home-care program for the elderly established under section 17b-342. The total number of individuals enrolled in said pilot program, when combined with the total number of individuals enrolled in the pilot program established pursuant to section 17b-365, as amended by this act, shall not exceed seventy-five individuals. The Commissioner of Social Services shall use the current Medicaid rules under 42 USC 1396p(c), as from time to time amended.

Sec. 17. (NEW) (*Effective from passage*) (a) Notwithstanding any provision of the general statutes or any special act, the Commissioner of Veterans' Affairs, on behalf of any facility operated by the commissioner and established by the state for the care of veterans**,** may apply to the Department of Public Health for: (1) A license for a chronic and convalescent nursing home, as defined in section 19a-521 of the general statutes; (2) a license for a rest home with nursing supervision, as defined in section 19a-521 of the general statutes; or (3) a license for an assisted living services agency, as defined in section 19a-490 of the general statutes, as amended.

(b) Notwithstanding any provision of the general statutes or any

special act, in the event the commissioner applies for a license under subsection (a) of this section, the Veterans Home and Hospital may retain such home and hospital's chronic disease hospital license.

(c) The Department of Public Health shall process an application for any license submitted under subsection (a) of this section in an expedited manner.

(d) Notwithstanding the provisions of chapter 319y of the general statutes and the regulations of Connecticut state agencies, any Veterans' Home and Hospital project undertaken pursuant to a license application as provided in subsection (a) of this section shall not be subject to certificate of need application and approval requirements applicable to nursing home services, including beds, additions and capital expenditures.

(e) Notwithstanding any provision of the general statutes or any special act, the Veterans' Home and Hospital project undertaken pursuant to a license application as provided in subsection (a) of this section shall be exempt from the requirements for approval of a request or application provided for in section 19a-638 of the general statutes, as amended.

Sec. 18. Section 65 of public act 03-3 of the June 30 special session is amended to read as follows *(Effective from passage)*:

[For the fiscal year ending June 30, 2004, the sum of two hundred eighty-three thousand dollars shall be disbursed from the nonlapsing account maintained pursuant to subsection (c) of section 10-303 of the general statutes, as amended by this act, for the purpose of retiring obligations associated with the contract for tee shirts manufactured by the Industries program, and not**]** Not more than five hundred thousand dollars shall be disbursed from **[**said account**]** the nonlapsing account maintained pursuant to subsection (c) of section 10-303, as amended, for the purpose of funding competitive employment or sheltered employment of blind and visually impaired adults.

This act shall take effect as follows:	
Section 1	*from passage*
Sec. 2	*from passage*
Sec. 3	*from passage*
Sec. 4	*from passage*
Sec. 5	*from passage*
Sec. 6	*from passage*
Sec. 7	*from passage*
Sec. 8	*from passage*
Sec. 9	*from passage*
Sec. 10	*from passage*
Sec. 11	*from passage*
Sec. 12	*July 1, 2004*
Sec. 13	*July 1, 2004*
Sec. 14	*July 1, 2004*
Sec. 15	*from passage*
Sec. 16	*from passage*
Sec. 17	*from passage*
Sec. 18	*from passage*

HS *Joint Favorable Subst. C/R* APP